



**Australian Government**  
**Department of Industry,  
Innovation and Science**

**Anti-Dumping  
Commission**

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*CUSTOMS ACT 1901 - PART XVB*

# **REPORT**

## **NOS. 385 and 386**

**REVIEWS OF ANTI-DUMPING MEASURES APPLYING TO**

**ALUMINIUM ZINC COATED STEEL AND  
ZINC COATED (GALVANISED) STEEL**

**EXPORTED FROM THE REPUBLIC OF KOREA**

**BY**

**DONGBU STEEL CO., LTD.**

**June 2017**

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**ABBREVIATIONS**

ACBPS	Australian Customs and Border Protection Service
the Act	the <i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
ADRP	Anti-Dumping Review Panel
AEP	ascertained export price
AFP	Anti Finger Print
Angang	Angang Steel Co, Ltd
ANV	ascertained normal value
BlueScope	BlueScope Limited
China	the People's Republic of China
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
Dongbu Steel	Dongbu Steel Co., Ltd., the applicant
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
Dumping Duty Regulation	<i>Customs Tariff (Anti-Dumping) Regulation 2013</i>
FOB	Free on Board
g/m <sup>2</sup>	grams per square metre
galvanised steel	zinc coated (galvanised) steel
the goods	the goods that are the subject of the relevant application (also referred to as the goods under consideration)
HRC	hot rolled coil
IDD	interim dumping duty
Korea	Republic of Korea
NIP	non-injurious price
the Parliamentary Secretary	the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science
PCN	product control number
REP 190	<i>International Trade Remedies Branch Report No. 190</i>
REP 193	<i>International Trade Remedies Branch Report No. 193</i>
REP 272 and 273	<i>Anti-Dumping Commission Report Nos. 272 and 273</i>

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REP 365 et al	<i>Anti-Dumping Commission Report Nos. 365, 366, 367, 368, 371, 372, 374, 375 and 376</i>
the review period	1 October 2015 to 30 September 2016
SEF	statement of essential facts
SEF 385 and 386	<i>Statement of Essential Facts Nos. 385 and 386</i>

# 1 SUMMARY

## 1.1 Introduction

This report sets out the findings of the Commissioner of the Anti-Dumping Commission (the Commissioner) and his recommendations to the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Parliamentary Secretary)<sup>1</sup> in relation to two separate reviews of anti-dumping measures.

The first review is in relation to anti-dumping measures (in the form of a dumping duty notice) applying to aluminium zinc coated steel exported from the Republic of Korea (Korea) to Australia by Dongbu Steel Co., Ltd (Dongbu Steel, or the applicant). The second review is in relation to anti-dumping measures (in the form of a dumping duty notice) applying to zinc coated (galvanised) steel (galvanised steel) exported from Korea to Australia by Dongbu Steel.

The applications for both reviews are based on a change in the variable factors relevant to the taking of the anti-dumping measures in relation to the applicant. The variable factors in relation to each of the reviews are the ascertained normal value (ANV), ascertained export price (AEP) and ascertained non-injurious price (NIP).<sup>2</sup> The review period for each review (the review period) is 1 October 2015 to 30 September 2016.

Due to the similarities between the products, the common review period, the common interested parties and for administrative convenience, the final report for both reviews are detailed in this one report.

Exporter-specific rates of dumping duty currently apply to Dongbu Steel. The basis for the calculation of the existing anti-dumping measures applying to exports of aluminium zinc coated steel and galvanised steel by Dongbu Steel are specified in *Anti-Dumping Commission Report Nos. 272 and 273* (REP 272 and 273).<sup>3</sup>

## 1.2 Legislative background

Division 5 of Part XVB of the *Customs Act 1901* (the Act)<sup>4</sup> sets out, among other things, the procedures to be followed by the Commissioner in dealing with an application for review of anti-dumping measures. The division, among other matters:

- sets out the circumstances in which applications for the review of anti-dumping measures can be brought;

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<sup>1</sup> On 19 July 2016, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Industry, Innovation and Science. For the purposes of these reviews, the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

<sup>2</sup> Subsection 269T(4E) of the *Customs Act 1901*.

<sup>3</sup> [REP 272 and 273](#).

<sup>4</sup> All legislative references in this report are to the *Customs Act 1901*, unless otherwise specified.

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- sets out the procedure to be followed by the Commissioner in dealing with such applications or requests and preparing reports for the Parliamentary Secretary; and
- empowers the Parliamentary Secretary, after consideration of such reports, to leave the anti-dumping measures unaltered or to modify them as appropriate.

The Commissioner must, after conducting a review of the variable factors relevant to the taking of the anti-dumping measures, give the Parliamentary Secretary a report recommending that:

- (i) the dumping duty notice remain unaltered; or
- (ii) the dumping duty notice have effect in relation to a particular exporter, or to exporters generally, as if different variable factors had been ascertained.

### **1.3 Findings**

The Commissioner finds, in relation to exports of aluminium zinc coated steel and galvanised steel during the review period that, for each review:

- the AEP has changed;
- the ANV has changed; and
- the NIP has changed.

### **1.4 Recommendations**

The Commissioner recommends to the Parliamentary Secretary that the dumping duty notices in respect of aluminium zinc coated and galvanised steel have effect as if different variable factors (being the AEP, ANV and NIP) had been ascertained in respect to Dongbu Steel.

## 2 BACKGROUND

### 2.1 Applications and initiation

#### 2.1.1 Aluminium zinc coated steel

On 16 November 2016, the Anti-Dumping Commission (the Commission) received an application for a review of the anti-dumping measures applying to aluminium zinc coated steel exported from Korea to Australia by Dongbu Steel. The applicant did not request a review of the measures affecting exporters of the goods generally.

The applicant claimed that the ANV, AEP and NIP relevant to the taking of the anti-dumping measures had changed on the basis of a fall in the price of hot rolled coil (HRC), the major raw material used to produce aluminium zinc coated steel. Dongbu Steel claimed that as a result of the decline in price of HRC, its AEP, ANV and the NIP would have also declined since the completion of the review of measures set out in REP 272 and 273.

The Commissioner examined the application and decided not to reject it. Anti-Dumping Notice (ADN) No. 2016/129 and *Consideration Report 385* (CON 385) are available on the Commission's website and describe the Commissioner's consideration of the application.

#### 2.1.2 Zinc coated (Galvanised) steel

On 16 November 2016, the Commission also received an application for a review of the anti-dumping measures applying to galvanised steel exported from Korea to Australia by Dongbu Steel. The applicant did not request a review of the measures affecting exporters of the goods generally.

The applicant claimed that the ANV, AEP and NIP relevant to the taking of the anti-dumping measures had changed on the basis of a fall in the price of HRC, the major raw material used to produce galvanised steel. Dongbu Steel claimed that as a result of the decline in price of HRC, its AEP, ANV and the NIP would have also declined since the completion of the review of measures set out in REP 272 and 273.

The Commissioner examined the application and decided not to reject it. ADN No. 2016/130 and *Consideration Report 386* (CON 386) are available on the Commission's website and describe the Commissioner's consideration of the application.

### 2.2 Existing anti-dumping measures

#### 2.2.1 Investigation 190 (Original Investigation)

On 5 September 2012, a dumping investigation into galvanised steel and aluminium zinc coated steel exported from the People's Republic of China (China), Korea and Taiwan was initiated following an application by BlueScope Steel Limited (BlueScope).

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On 26 November 2012, a countervailing investigation into galvanised steel and aluminium zinc coated steel exported to Australia from China was initiated following a further application by BlueScope.

The dumping investigation, as outlined in *International Trade Remedies Branch Report No. 190* (REP 190),<sup>5</sup> found that:

- galvanised steel exported to Australia from China, Korea and Taiwan during the investigation period was dumped with margins ranging from 2.6% to 62.9%;
- aluminium zinc coated steel exported to Australia from China and Korea was dumped with margins ranging from 5.5% to 19.3%;
- the volume of dumped goods from each of these countries, and the dumping margins were not negligible;
- the dumped exports caused material injury to the Australian industry producing like goods; and
- continued dumping may cause further material injury to the Australian industry.

The countervailing investigation, as outlined in *International Trade Remedies Branch Report No. 193* (REP 193),<sup>6</sup> found that:

- galvanised steel and aluminium zinc coated steel exported to Australia from China was subsidised with margins ranging from 5.2% to 22.8%;
- aluminium zinc coated steel exported from China to Australia was subsidised with margins ranging from 5.0% to 21.7%;
- the volume of subsidised goods from China was not negligible;
- the subsidised goods caused material injury to the Australian industry producing like goods; and
- continued subsidisation may cause further material injury to the Australian industry.

On 5 August 2013, the then Attorney-General, following consideration of REP 190 and REP 193, published:

- a dumping duty notice applying to galvanised steel exported to Australia from China, Korea (with the exception of Union Steel Co., Ltd) and Taiwan (with the exception of Ta Fong Steel Co., Ltd and Sheng Yu Co., Ltd). The form of anti-dumping measures was the combination of fixed and variable duty method (combination duty method);
- a dumping duty notice applying to aluminium zinc coated steel exported to Australia from China and Korea (with the exception of Union Steel Co., Ltd from Korea). The form of anti-dumping measures was the combination duty method;
- a countervailing duty notice applying to galvanised steel exported to Australia from China (with the exception of Angang Steel Co, Ltd (Angang) and ANSC TKS Galvanising Co., Ltd; and

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<sup>5</sup> [REP 190](#) investigated the dumping of galvanised steel and aluminium zinc coated steel exported from China, Korea and Taiwan. Due to the close nature of these products and common interested parties, findings concerning both products were detailed in one report.

<sup>6</sup> [REP 193](#) investigated the subsidisation of galvanised steel and aluminium zinc coated steel exported from China. Due to the close nature of these products and common interested parties, findings concerning both products were detailed in the one report.



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- a countervailing duty notice applying to aluminium zinc coated steel exported to Australia from China (with the exception of Angang).

The anti-dumping measures in respect of galvanised steel and aluminium zinc coated steel were outlined in ADN No. 2013/66.

### 2.2.2 Review of Investigation 193 (Review by Anti-Dumping Review Panel)

As outlined in ADN No. 2014/12, following a review by the Anti-Dumping Review Panel (ADRP), the countervailing duty notices were varied so as to reduce the applicable countervailable subsidies by the amounts referable to programs 1 to 3 described in REP 193.

The decision to vary the countervailing duty notices required an amendment to the interim dumping duty (IDD) payable on imports of galvanised steel. This is because the original dumping margins were reduced by the amount of subsidy attributable to subsidy programs 1 to 3 in determining the IDD payable.

### 2.2.3 Previous Review of Measures for Dongbu Steel

On 1 October 2014, Dongbu Steel lodged an application requesting a review of the anti-dumping measures applying to its exports of aluminium zinc coated steel and galvanised steel from Korea to Australia. REP 272 and 273 recommended that the dumping duty notice have effect in relation to Dongbu Steel as if different variable factors had been ascertained.

The notice as it applied to Dongbu Steel was altered and notice of the decision was published in the *Commonwealth of Australia Gazette* on 3 August 2015 and *The Australian* newspaper on 4 August 2015.<sup>7</sup>

### 2.2.4 Review of Measures for certain Chinese and Taiwanese exporters

Between 5 August 2016 and 8 September 2016 the Commission received six applications for reviews of anti-dumping measures applying to galvanised steel exported to Australia from China and Taiwan and three applications for reviews of anti-dumping measures applying to aluminium coated steel exported to Australia from China.

The Commissioner initiated reviews for six of these applications on 30 August 2016 and the subsequent three applications on 22 September 2016. Further details of the initiation of the nine reviews is available in ADN Nos. 2016/86, 2016/87, 2016/101 and 2016/102. .

On 12 May 2017, the Parliamentary Secretary, following consideration of REP 365 et al, published ADN Nos. 2017/48 and 2017/49 accepting the Commissioner's recommendations and reasons for the recommendations, including all material findings of fact and law, as they pertained to these reviews.

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<sup>7</sup> The gazette notice is available [online](#). ADN No. 2015/83 refers.

### **2.2.5 Current rate and form of duty**

Exports of aluminium zinc coated steel and galvanised steel from Korea to Australia by Dongbu Steel are currently subject to a combination duty method with a fixed component of zero and a variable component, payable if the actual export price is below the AEP, of a specified (confidential) amount per tonne.

### **2.3 Scope of reviews**

As Dongbu Steel is not subject to a countervailing duty notice in respect of exports of aluminium zinc coated steel or galvanised steel, neither of the present reviews involve the examination of subsidies.

In REP 272 and 273, the Commission treated Dongbu Steel and its wholly owned subsidiary Dongbu Incheon Steel Co., Ltd. (Dongbu Incheon) as a single entity. Dongbu Steel prepared its exporter questionnaire response on the same basis in the present reviews (that is, including information relevant to both Dongbu Steel and Dongbu Incheon). The Commission has had regard to the subsequent approach adopted in ADRP *Report No. 34* and the former Parliamentary Secretary's decision to accept the recommendations in that report.<sup>8</sup> Due to the factual circumstances of the exports examined (and explained in greater detail below), the Commission considers Dongbu Steel, as the applicant for these reviews of measures, to be the exporter subject to these reviews.

The Commission therefore brought the ADRP report to Dongbu Steel's attention, and asked it to resubmit its response to the exporter questionnaire, including only information that is relevant to Dongbu Steel. To enable Dongbu Steel to resubmit its further response and to allow the Commission sufficient time to consider the information provided and to prepare this report, the Commission sought a 37 day extension to complete the statement of essential facts (SEF) and final report. The Commissioner, under subsection 269ZHI(3) of the Act, granted this extension.<sup>9</sup> The details of this extension are outlined in ADN No. 2017/35.

### **2.4 Review process**

If anti-dumping measures have been taken in respect of certain goods, an affected party may consider it appropriate to review those anti-dumping measures as they affect a particular exporter or exporters generally. Accordingly, the affected party may apply for,<sup>10</sup> or the Parliamentary Secretary may request that the Commissioner conduct,<sup>11</sup> a review of those anti-dumping measures if one or more of the variable factors has changed.

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<sup>8</sup> The report is available on the Anti-Dumping Review Panel [website](#).

<sup>9</sup> On 19 January 2017, the Parliamentary Secretary delegated the powers and functions of the Minister under section 269ZHI of the Act to the Commissioner. Refer ADN No. 2017/10 for further information.

<sup>10</sup> Subsection 269ZA(1).

<sup>11</sup> Subsection 269ZA(3).

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The Parliamentary Secretary may initiate a review at any time. However, a review application must not be lodged earlier than 12 months after publication of the notice imposing the original anti-dumping measures or the publication of a notice declaring the outcome of the last review of the notice imposing the original anti-dumping measures.<sup>12</sup> The relevant date in this instance is 4 August 2015, being the date that public notice of the last review of the dumping duty notices was given.<sup>13</sup>

If an application for a review of anti-dumping measures is received and not rejected, within 110 days of the initiation of a review, or such longer time as allowed under section 269ZHI, the Commissioner must place on the public record a SEF on which he proposes to base his recommendations to the Parliamentary Secretary concerning the review of the anti-dumping measures.<sup>14</sup>

The Commissioner has up to 155 days, or such longer time as allowed under section 269ZHI, to conduct a review and report to the Parliamentary Secretary on the review of the anti-dumping measures.<sup>15</sup> During the course of a review, the Commissioner will examine whether the variable factors have changed. Variable factors in these reviews are a reference to the AEP, ANV and NIP.

For each review, in making recommendations in his final report to the Parliamentary Secretary, the Commissioner must have regard to:<sup>16</sup>

- the application for review of the anti-dumping measures;
- any submission relating generally to the review of the anti-dumping measures to which the Commissioner has had regard for the purpose of formulating the SEF;
- the SEF; and
- any submission made in response to the SEF that is received by the Commissioner within 20 days of it being placed on the public record.

The Commissioner may also have regard to any other matter the Commissioner considered to be relevant to the review.<sup>17</sup>

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<sup>12</sup> Subsection 269ZA(2)(a).

<sup>13</sup> The notice has subsequently been altered as a result of REP 365 et al, which was published on 12 May 2017; ADN Nos. 2017/48 and 2017/49 refer.

<sup>14</sup> Subsection 269ZD(1).

<sup>15</sup> Subsection 269ZDA(1).

<sup>16</sup> Subsection 269ZDA(3)(a).

<sup>17</sup> Subsection 269ZDA(3)(b).

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In his final report the Commissioner must make a recommendation to the Parliamentary Secretary that the dumping duty notice:<sup>18</sup>

- remain unaltered; or
- have effect, in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained.

The Parliamentary Secretary must make a declaration within 30 days of receiving the report or, if the Parliamentary Secretary considers there are special circumstances that prevent the declaration being made within that period, such longer period as the Parliamentary Secretary considers appropriate,<sup>19</sup> that:

- the dumping duty notice is to remain unaltered; or
- with effect from a date specified in the declaration, the dumping duty notice is to be taken to have effect, or to have had effect, either in relation to a particular exporter or to exporters generally, as if different variable factors had been fixed in respect of that exporter or of exporters generally, relevant to the determination of duty.<sup>20</sup>

The Parliamentary Secretary must publish notice of the declaration on the Commission website.<sup>21</sup>

### 2.5 Statement of Essential Facts

On 3 May 2017, the Commissioner placed on the public record the SEF in relation to the two reviews (*Statement of Essential Facts Nos. 385 and 386* (SEF 385 and 386)), which set out the essential facts on which the Commissioner proposed to base his final recommendations to the Parliamentary Secretary for each review.

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<sup>18</sup> Subsection 269ZDA(1)(a).

<sup>19</sup> Subsection 269ZDB(1A).

<sup>20</sup> Subsection 269ZDB(1)(a).

<sup>21</sup> Subsections 269ZDB(1) and (7).

## 3 THE GOODS AND LIKE GOODS

### 3.1 Aluminium zinc coated steel

#### 3.1.1 The goods subject to the anti-dumping measures

The goods to which the current anti-dumping measures apply (the goods) are:

*“flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium-zinc alloys, not painted whether or not including resin coating.”*

#### 3.1.2 Additional information in relation to the goods

The amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in grams per square metre (g/m<sup>2</sup>) with the prefix being AZ (aluminium zinc). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

Additional information in relation to the goods is available in Australian Customs Dumping Notice No. 2012/62, which is available on the Commission’s website.

#### 3.1.3 Product treatment

The goods description includes aluminium zinc coated steel whether or not including any (combination of) surface treatment, for instance: whether passivated or not passivated, (often referred to as chromated or unchromated), resin coated or not resin coated (often referred to as Anti Finger Print (AFP) or not AFP), oiled or not oiled, skin passed or not skin passed.

#### 3.1.4 Excluded goods

Painted aluminium zinc coated steel, pre-painted aluminium zinc coated steel and unchromated aluminium zinc coated steel products exported from Korea are not covered by the dumping duty notice.

#### 3.1.5 Tariff classification

The goods are classified to tariff subheading 7210.61.00 (statistical codes 60, 61, and 62) in Schedule 3 to the *Customs Tariff Act 1995*.

The goods exported to Australia from Korea under this tariff subheading are currently subject to a 2 per cent rate of customs duty as a result of the *Korea-Australia Free Trade Agreement*.

## **3.2 Galvanised steel**

### **3.2.1 The goods subject to the anti-dumping measures**

The goods to which the current anti-dumping measures apply (the goods) are:

*“flat rolled products of iron and non-alloy steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc; and*

*flat rolled products of alloyed steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc exported from:*

- *China by Angang Steel Co, Ltd or Benxi Iron and Steel (Group) International Economic & Trading Co., or*
- *Taiwan by Yieh Phui Enterprise Co., Ltd.”*

### **3.2.2 Additional information in relation to the goods**

The amount of zinc coating on the steel is described as its coating mass and is nominated in g/m<sup>2</sup> with the prefix being Z (zinc) or ZF (zinc converted to a zinc/iron alloy coating). Common coating masses used for zinc coating are: Z350, Z275, Z200, Z100, and for zinc/iron alloy coating are: ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

### **3.2.3 Product treatment**

The goods description includes galvanised steel whether or not including any (combination of) surface treatment, for instance: whether passivated or not passivated, (often referred to as chromated or unchromated), oiled or not oiled, skin passed or not skin passed, phosphated or not phosphated (for zinc iron alloy coated steel only).

### **3.2.4 Excluded goods**

Painted galvanised steel, pre-painted galvanised steel, electro-galvanised plate steel and corrugated galvanised steel are not covered by the dumping duty notice.

### **3.2.5 Tariff classification of the goods**

Goods identified as galvanised steel, as per the description above, are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 7210.49.00 statistical code 55, 56, 57 and 58; and
- 7212.30.00 statistical code 61.

The goods exported to Australia from Korea under this tariff subheading are currently subject to a 2 per cent rate of customs duty as a result of the *Korea-Australia Free Trade Agreement*.

### **3.3 Like goods**

Subsection 269T(1) defines like goods as:

*“...goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration”.*

The definition of like goods is relevant to these reviews, among other things, in determining the normal value of goods, the NIP and the goods subject to the dumping duty notice. The Commission’s framework for assessing like goods is outlined in Chapter 2 of the *Dumping and Subsidies Manual*.<sup>22</sup>

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<sup>22</sup> Available on the Commission’s website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

## 4 EXPORT PRICE AND NORMAL VALUE

### 4.1 Findings

The Commission has found, in respect of exports of aluminium zinc coated steel from Korea to Australia by Dongbu Steel, that:

- the AEP has changed; and
- the ANV has changed.

The Commission has found, in respect of exports of galvanised steel from Korea to Australia by Dongbu Steel, that:

- the AEP has changed; and
- the ANV has changed.

### 4.2 Exporter questionnaires and verification

For each review, the Commission provided the applicant with an exporter questionnaire to complete. Detailed information and data for each review was provided by Dongbu Steel in response to the exporter questionnaires, including data relating to domestic sales and details of the cost to make and sell (CTMS) the goods (where applicable) and like goods. The applicant provided additional information when requested by the Commission.

As with REP 272 and 273, the Commission elected not to conduct an on-site verification of the information provided in Dongbu Steel's exporter questionnaire responses.

For the present reviews, the Commission was able to compare the information provided in Dongbu Steel's response to its exporter questionnaire against the aluminium zinc coated steel and galvanised steel sales and CTMS data provided by Dongbu Steel in respect of REP 190 and REP 272 and 273. This information covered the periods July 2011 to June 2012 and October 2013 to September 2014 respectively. The Commission also had access to recent sales and CTMS data for other Asian producers of aluminium zinc coated steel and galvanised steel, which confirmed that the trends observed in Dongbu Steel's historical sales and CTMS data were consistent with those of the broader industry.

The Commission's verification of Dongbu Steel's sales information included the analysis of trends in unit pricing and the reconciliation to relevant source documentation for a sample of transactions. Information reconciled included sales invoices, shipping costs, inland transport costs, packing costs, discounts, warranty expenses and credit expense. The Commission's verification of Dongbu Steel's cost information consisted of the reconciliation with purchase invoices and comparison of its CTMS with historical data available to the Commission from the previous reviews and investigations. It also included the analysis of HRC purchase costs with information available to the Commission from other relevant investigations and external benchmarks.

Dongbu Steel cooperated with the verification process. The Commission is satisfied as to the accuracy, relevance and completeness of the data provided for the present reviews.



### **4.3 Importer questionnaires and verification**

The Commission performed a search of the Australian Border Force import database and identified that there were no exports of aluminium zinc coated steel or galvanised steel from Korea to Australia by Dongbu Steel during the review period. As a result, no importers were invited to contribute data to these reviews.

### **4.4 Export prices**

#### **4.4.1 Aluminium zinc coated steel**

The Commission has found that Dongbu Steel did not export aluminium zinc coated steel from Korea to Australia during the review period. Therefore, the Commission considers that there is insufficient information available to enable the export price of the goods to be ascertained under subsections 269TAB(1)(a), (b), or (c).

The Commission considers it appropriate to determine the export price of the goods under subsection 269TAB(3) having regard to all relevant information. The Commission considers that the export price of aluminium zinc coated steel exported from Korea to Australia by Dongbu Steel is most relevantly established by reference to the ANV. As a result, the AEP for Dongbu Steel's exports of aluminium zinc coated steel has changed from that ascertained in REP 272 and 273.

#### **4.4.2 Zinc coated galvanised steel**

The Commission has found that Dongbu Steel did not export galvanised steel from Korea to Australia during the review period. Therefore, the Commission considers that there is insufficient information available to enable the export price of the goods to be ascertained under subsections 269TAB(1)(a), (b), or (c).

The Commission considers it appropriate to determine the export price of the goods under subsection 269TAB(3) having regard to all relevant information. The Commission considers that the export price of galvanised steel exported from Korea to Australia by Dongbu Steel is most relevantly established by reference to the ANV. As a result, the AEP for Dongbu Steel's exports of galvanised steel has changed from that ascertained in REP 272 and 273.

### **4.5 Normal values**

#### **4.5.1 Arms length**

During the course of the verification process the Commission identified a number of related party transactions. These transactions concerned the sale of galvanised steel by Dongbu Steel to Dongbu Incheon. To establish whether these transactions should be treated as arms length for the purposes of section 269TAA, the Commission undertook further analysis of pricing and cost information.

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The analysis was undertaken on a model by model basis at an ex-works level, and indicated a consistent difference in pricing levels between related and non-related party sales for identical models which favoured Dongbu Steel. In response to a Commission request for additional information concerning these sales, Dongbu Steel confirmed that the pricing methodology differed for related and non-related parties.

The Commission has concluded that Dongbu Steel's sales of galvanised steel to Dongbu Incheon should not be considered as being at arms length because the price appears to be influenced by a commercial or other relationship between the parties.<sup>23</sup> In the circumstances, the Commission has excluded the related party transactions from the calculation of Dongbu Steel's ANV. The Commission considers that all other domestic sales were in arms length transactions, as there was no evidence of consideration payable in respect of the goods other than the prices paid, no evidence that prices were influenced by the relationship between the parties, and no evidence that the buyer was reimbursed, compensated or otherwise received a benefit (either directly or indirectly) subsequent to the sale.

### 4.5.2 Model matching

BlueScope has, in relation to previous reviews concerning aluminium zinc coated steel and galvanised steel, submitted that:

- the Commission's practice of model matching has been an area of concern to BlueScope;
- the basis for model-matching should be fully agreed prior to verification;
- product control numbers (PCNs) submitted by BlueScope should be adopted and that the Commission should request that exporters subject to the reviews prepare their domestic sales information in accordance with BlueScope's model matching process;
- BlueScope notes that the United States practice involves the co-operative exporter providing the equivalent domestic sales by PCN for the investigation period prior to the scheduled deadline for the acceptance of all information from cooperative exporters. Where information is not provided in PCN format, the exporter is considered non-cooperative; and
- the adoption of BlueScope's methodology will enhance the model-matching process for the determination of dumping margins for the exported goods the subject of anti-dumping measures.

In SEF 385 and 386, the Commission noted that, as Dongbu Steel did not export aluminium zinc coated steel or galvanised steel from Korea to Australia during the review period, the Commission was unable to carry out model matching. The Commission then went on to observe:

In the absence of exports to Australia during the review period, the Commission identified appropriate models for calculating the ANV through aligning Dongbu Steel's PCNs and product descriptors with the relevant tariff classifications as set out in Section 3 of this SEF. ANVs were calculated by using all models which aligned with the relevant tariff classifications and for which Dongbu Steel had made sales within the Korean market during the review period.

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<sup>23</sup> Subsection 269TAA(1)(b) refers.

BlueScope has since observed that “the use of the tariff classifications as the basis for model matching represents a very broad and inaccurate basis for dumping margin assessments.”<sup>24</sup> On reflection, the Commission agrees with this view; accordingly, the ANV has been calculated using all domestic sales of like goods sold in arms length transactions during the review period.

#### **4.5.3 Calculation of normal values**

For aluminium zinc coated steel, normal values were established in accordance with subsection 269TAC(1), using Dongbu Steel’s domestic invoice prices, by model, for like goods sold in the ordinary course of trade<sup>25</sup> in arms length transactions.

For galvanised steel, once Dongbu Steel’s sales to Dongbu Incheon were excluded, normal values were also established in accordance with subsection 269TAC(1), using Dongbu Steel’s domestic invoice prices, by model, for like goods sold in the ordinary course of trade in arms length transactions.

Adjustments to the normal value were made under subsection 269TAC(8) to ensure fair comparison with an export price. Adjustments made for these reviews were consistent with the approach undertaken in respect of Dongbu Steel at the time of the original dumping investigation and subsequent reviews.<sup>26</sup> As Dongbu Steel did not export aluminium zinc coated steel or galvanised steel from Korea to Australia during the review period, information relating to actual costs that would have been associated with such exports is not available.

As such, adjustments for export packing costs, export inland transport and port handling costs, export handling costs and export bank charges have been based on the costs used in REP 272 and 273. The Commission is of the view that these costs are unlikely to have changed significantly from the earlier review period. Similarly, in REP 272 and 273 Dongbu Steel exported the goods to Australia with payment terms resulting in no export credit adjustments being required. The Commission has assumed that any future exports to Australia would likely be made on similar terms, and hence no adjustment for export credit expense has been made when calculating the normal value. The following table summarises the adjustments made by the Commission.

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<sup>24</sup> BlueScope submission, dated 23 May 2017; [document 010](#) on the public record.

<sup>25</sup> Section 269TAAD refers.

<sup>26</sup> Dongbu Steel exporter visit report, December 2012, page 28; available on the Commission [website](#).

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<b><u>Adjustment Type</u></b>	<b><u>Deduction / addition</u></b>
Domestic off-invoice discount	<b>Deduct</b> the cost of domestic off-invoice discount
Domestic packing	<b>Deduct</b> the cost of domestic packing
Domestic inland transport	<b>Deduct</b> the cost of domestic inland transport
Domestic handling	<b>Deduct</b> the cost of domestic handling
Domestic warranty expense	<b>Deduct</b> the cost of domestic warranty expense
Domestic credit expense	<b>Deduct</b> the cost of domestic credit expense
Export packing	<b>Add</b> the cost of export packing
Export inland transport and port charges	<b>Add</b> the cost of export inland transport (includes port charges)
Export handling	<b>Add</b> the cost of export handling
Export bank charges	<b>Add</b> the cost of bank charges

The resulting ANV for aluminium zinc coated steel and ANV for galvanised steel exported by Dongbu Steel have changed since REP 272 and 273.

Details of normal value calculations for aluminium zinc coated steel are at **Confidential Appendix 1**. Details of normal value calculations for galvanised steel are at **Confidential Appendix 2**.

## 4.6 Submissions following SEF 385 and 386

### 4.6.1 Adjustments

Following the publication of SEF 385 and 386, BlueScope submitted that normal values applicable to aluminium zinc coated steel and galvanised steel for Dongbu Steel should not be adjusted under subsection 269TAC(8).<sup>27</sup>

BlueScope submits:

The absence of exports to Australia does not enable the Minister to determine whether there exists price and/or cost differences between sales of the domestic and export markets (for price comparison purposes), and hence there is an absence of information to reliably determine adjustments under subsection 269TAC(8).

As outlined in Section 4.5 of this report, normal values for aluminium zinc coated steel and galvanised steel have been calculated under subsection 269TAC(1). To take account of the differences in domestic and export sales, adjustments to these normal values were made under subsection 269TAC(8). The ANVs established by this method reflect the circumstances under which these goods would have been exported to Australia.

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<sup>27</sup> BlueScope submission, dated 23 May 2017; [document 010](#) on the public record.

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The Commission notes that while the information used to adjust Dongbu Steel's normal value was obtained from a previous review period, it is the Commission's view that the utilised costs are a reasonable reflection of the costs that Dongbu Steel would have faced if it had exported these goods to Australia during the review period. The Commission considers the information used to be the most reliable information available to it. The Commission does not consider that Dongbu Steel's normal values, unadjusted (i.e. based solely on its domestic sales) is appropriate for determining an AEP which is relevant to any future exports of these goods to Australia.

### 4.6.2 Timing of variable factors and contemporary prices

BlueScope submitted that, following the dramatic increases in HRC costs and aluminium zinc coated steel and galvanised steel prices immediately following the review period, the Commission should include in its recommendations to the Minister that information from outside the review period (i.e. up to and including May 2017) be included in the determination of contemporary variable factors applying to Dongbu Steel.<sup>28</sup> BlueScope reiterated these views in a further submission on 13 June 2017.<sup>29</sup>

In conducting reviews of anti-dumping measures it is the Commission's practice to examine an exporter's sales and cost data for a period which is usually the 12 months preceding the review initiation date. The review period is outlined in the notice of initiation. Although this practice can lead to some degree of retrospectivity, setting a defined review period is transparent, provides certainty to all interested parties about the conduct of the review, and allows for the verification of data and timely delivery of findings. The present reviews have been carried out on this basis.

The Commission notes that, although raw material prices are currently higher than those during the review period, having regard to the long term trends of HRC prices there is no evidence to establish that the current raw material prices are sustained, or more representative, than the prices verified in the review period.

The Commission, therefore, does not recommend an adjustment to the variable factors for the review period to account for the movements of HRC prices following the review period.<sup>30, 31</sup>

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<sup>28</sup> *ibid.*

<sup>29</sup> [Document 012](#) on the public record. Although received outside of the 20 day period following the publication of SEF 385 and 386, the consideration of this submission has not delayed the timely completion of this report.

<sup>30</sup> A submission on behalf of Dongbu Steel, received on 2 June 2017 and listed as [document 011](#) on the public record, endorses the position taken by the Commission in SEF 385 and 386. No further consideration of the submission is required.

<sup>31</sup> A submission on behalf of Stemcor Australia Pty Ltd (received on 15 June 2017 and listed as [document 013](#) on the public record) has not been considered in preparing this report, as to do so would have prevented its timely completion.

## 5 NON-INJURIOUS PRICE

### 5.1 General

Dumping duties may be applied where it is established that dumped imports have caused or threaten to cause material injury to an Australian industry producing like goods. The level of dumping duty imposed cannot exceed the margin of dumping, but a lesser duty may be applied if it is sufficient to remove the injury.

Under subsection 8(5) of the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act), the Parliamentary Secretary must specify a method for calculating the IDD payable. In doing so, the Parliamentary Secretary must, if the NIP is less than the normal value, have regard to the desirability of specifying a method of calculating the IDD such that the sum of the IDD payable and the AEP is not greater than the NIP (lesser duty rule).<sup>32</sup> Subsection 269TACA(a) identifies the NIP of the goods exported to Australia as the minimum price necessary to prevent the injury or a recurrence of the injury caused by the dumping.

The Commission generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP). Deductions from this figure are made for post-exportation costs to derive a NIP that is expressed in similar delivery terms to export price and normal value (e.g. Free on Board (FOB)).

Where the NIP is lower than the normal value, the duty is calculated with respect to the difference between export price and NIP, thereby giving effect to the lesser duty rule.

In REP 190, the ACBPS expressed the view that in a market unaffected by dumping it is reasonable to expect that BlueScope would be able to achieve, as a minimum, selling prices that reflected un-dumped import parity pricing. It was on this basis that the then ACBPS considered that the FOB NIP for each exporter be a price equal to their respective normal value.<sup>33</sup> As such, the then Attorney General was not required to and did not have regard to the lesser duty rule.

### 5.2 Assessment of the NIP

The Commission considers that the approach to determining the NIP in REP 190 remains relevant for the purpose of these reviews. The Commission recommends that the NIP for Dongbu Steel's exports of aluminium zinc coated steel and galvanised steel from Korea to Australia be set at the respective ANVs for each good. This approach is consistent with the Commission's approach in other recent reviews of measures involving aluminium zinc coated steel and galvanised steel exported from China and Taiwan to Australia.<sup>34</sup>

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<sup>32</sup> Subsection 8(5B) of the Dumping Duty Act refers.

<sup>33</sup> REP 190 refers, page 112.

<sup>34</sup> REP 365 et al refers.

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Noting the findings in Chapter 4, the NIP for each of aluminium zinc coated steel and galvanised steel would therefore change since they were last ascertained.

As the NIP is not less than the normal value, the Commission considers that the Parliamentary Secretary is not required to have regard to the lesser duty rule. No submissions have been made regarding the NIP during the course of the current reviews.

## 6 FORM OF MEASURES

### 6.1 Findings

The Commissioner has found, in relation to Dongbu Steel's export of aluminium zinc coated steel and galvanised steel from Korea to Australia during the review period, that:

- the AEP has changed;
- the ANV has changed; and
- the NIP has changed.

### 6.2 Form of measures

The forms of measures that are available for working out the IDD payable under subsection 8(5) of the Dumping Duty Act are set out in section 5 of the *Customs Tariff (Anti-Dumping) Regulation 2013* (Dumping Duty Regulation). These are the combination duty method, the floor price duty method, the fixed duty method and the *ad valorem* duty method. When considering what form of measures to recommend to the Parliamentary Secretary, the Commissioner will consider the effectiveness of each method in removing the injurious effects of dumping.

The current method of working out the IDD applying to aluminium zinc coated steel and galvanised steel is the combination duty method as set out in subsections 5(2) and 5(3) of the Dumping Duty Regulation. The combination duty method applies duty as a fixed percentage of the actual export price or the AEP of the goods (whichever is the greater), with a variable component if the actual export price is below the AEP for the exporter.

The Commission considers that the current form of measures should change from the combination duty method to the floor price duty method set out in subsection 5(4) of the Dumping Duty Regulation. Under the floor price duty method, the dumping duty payable comprises a variable component, payable if the actual export price is below the ANV which is a specified (confidential) amount per tonne.

The practical effect of using either the combination duty method (a variable component based on the AEP and a fixed component of 0 per cent) or the floor price duty method (based solely on the ANV) is the same in the present circumstances. The Commission considers that, in the absence of any exports during the review period, it is more appropriate to establish the form of the measures by reference to the verified data (being the ANV). This position is unchanged from SEF 385 and 386; no submissions have been received on this point.



## 7 RECOMMENDATIONS

### 7.1 Aluminium zinc coated steel

The Commissioner recommends that the Parliamentary Secretary consider this report, and if agreed, DECLARE, by notice published on the Commission's website that:

- in accordance with subsection 269ZDB(1)(a)(iii), with effect from the date of publication of the notice, and for the purposes of the Act and the Dumping Duty Act, the dumping duty notice in respect of exports of aluminium zinc coated steel exported to Australia from Korea is taken to have effect in relation to Dongbu Steel as if different variable factors, as set out in **Confidential Appendix 1**, had been fixed relevant to the determination of duty.

The Commissioner recommends that the Parliamentary Secretary be SATISFIED that:

- in accordance with subsection 269TAB(3), sufficient information is not available to enable the export price of aluminium zinc coated steel exported to Australia from Korea by Dongbu Steel to be ascertained under subsection 269TAB(1).

The Commissioner recommends that the Parliamentary Secretary DETERMINE that:

- in accordance with subsection 269TAB(3), having regard to all relevant information, the AEP for aluminium zinc coated steel exported to Australia from Korea by Dongbu Steel is as set out in **Confidential Appendix 1**;
- in accordance with subsection 269TAAD(4), and for the purpose of working out the cost of goods and determining whether the price paid for like goods sold in the country of export in sales that are arms length transactions are taken to have been in the ordinary course of trade, that the amounts for the cost of production or manufacture of aluminium zinc coated steel in Korea and the administrative, selling and general costs associated with the sale of those goods are as set out in **Confidential Appendix 1**;
- in accordance with subsection 269TAC(1), being satisfied that like goods are sold in the ordinary course of trade for home consumption in Korea in sales that are arms length transactions by Dongbu Steel, the ANV for aluminium zinc coated steel exported to Australia from Korea by Dongbu Steel is the price paid for like goods as set out in **Confidential Appendix 1**; and
- in accordance with subsection 8(5) of the Dumping Duty Act, the IDD payable in respect of aluminium zinc coated steel exported to Australia from Korea by Dongbu Steel is an amount which will be worked out in accordance with the floor price duty method pursuant to subsection 5(4) of the Dumping Duty Regulation, and applies to the goods and like goods entered for home consumption on and after the day following the date of publication of the notice.

The Commissioner recommends that the Parliamentary Secretary DIRECT that:

- in accordance with subsection 269TAC(8), as the normal value of aluminium zinc coated steel exported to Australia is the price paid for like goods sold in Korea, the normal value be adjusted for specified differences between like goods sold in Korea and export sales, as set out in Section 4.5.3 of this report.

## 7.2 Galvanised steel

The Commissioner recommends that the Parliamentary Secretary consider this report, and if agreed, DECLARE, by notice published on the Commission's website that:

- in accordance with subsection 269ZDB(1)(a)(iii), with effect from the date of publication of the notice, and for the purposes of the Act and the Dumping Duty Act, the dumping duty notice in respect of exports of galvanised steel exported to Australia from Korea is taken to have effect in relation to Dongbu Steel as if different variable factors, as set out in **Confidential Appendix 2**, had been fixed relevant to the determination of duty.

The Commissioner recommends that the Parliamentary Secretary be SATISFIED that:

- in accordance with subsection 269TAB(3), sufficient information is not available to enable the export price of galvanised steel exported to Australia from Korea by Dongbu Steel to be ascertained under subsection 269TAB(1).

The Commissioner recommends that the Parliamentary Secretary DETERMINE that:

- in accordance with subsection 269TAB(3), having regard to all relevant information, the export price for galvanised steel exported to Australia from Korea by Dongbu Steel is as set out in **Confidential Appendix 2**;
- in accordance with subsection 269TAAD(4), and for the purpose of working out the cost of goods and determining whether the price paid for like goods sold in the country of export in sales that are arms length transactions are taken to have been in the ordinary course of trade, that the amounts for the cost of production or manufacture of galvanised steel in Korea and the administrative, selling and general costs associated with the sale of those goods are as set out in **Confidential Appendix 2**;
- in accordance with subsection 269TAC(1), being satisfied that like goods are sold in the ordinary course of trade for home consumption in Korea in sales that are arms length transactions by Dongbu Steel, the normal value for galvanised steel exported to Australia from Korea by Dongbu Steel is the price paid for like goods as set out in **Confidential Appendix 2**; and
- in accordance with subsection 8(5) of the Dumping Duty Act, the IDD payable in respect of galvanised steel exported to Australia from Korea by Dongbu Steel is an amount which will be worked out in accordance with the floor price duty method pursuant to subsection 5(4) of the Dumping Duty Regulation, and applies to the goods and like goods entered for home consumption on and after the day following the date of publication of the notice.

The Commissioner recommends that the Parliamentary Secretary DIRECT that:

- in accordance with subsection 269TAC(8), as the normal value of galvanised steel exported to Australia is the price paid for like goods sold in Korea, the normal value be adjusted for specified differences between like goods sold in Korea and export sales, as set out in Section 4.5.3 of this report.

**8 LIST OF APPENDICES AND ATTACHMENTS**

<b>Confidential Appendix 1</b>	Calculations for aluminium zinc coated steel
<b>Confidential Appendix 2</b>	Calculations for galvanised steel